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OVERVIEW

I would like to present a brief overview of the situation in the Middle East region [REDACTED]

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25X1I. Area Brief

1. Egypt. President Mubarak, a little more than three months after the assassination of Anwar Sadat, has taken hold better than most observers expected. He presents a sincere straightforward image and is free of the taint of corruption associated with many figures of the Sadat era. Although he has taken steps against corruption, he has yet to undertake a thorough housecleaning. He faces formidable problems, occasioned chiefly by a population growth of one million a year and the mal-distribution of wealth that reached glaring proportions during the Sadat era. The succession to Mubarak, in case of an untoward incident has not been established, though it will begin to be if and when Mubarak names a vice president.

2. In short, the success of the Mubarak regime is not assured, and thus Egypt, which is vital to U.S. interests in the area, will continue to need extensive U.S. help and support. The final Israeli withdrawal from the Sinai is as of the present writing due to take place as scheduled in late April, but this could be upset by a number of actions, such as an Israeli move in force into southern Lebanon. This could provoke a reaction of support for the Arabs from Mubarak, causing the Israelis to go back on their commitment to withdraw from the Sinai. If the withdrawal does not take place, Mubarak's prestige will suffer a serious blow.

3. Israel. If the Israelis do complete their pullout from the Sinai, the likelihood is that Mubarak will then move to restore his relations with the Arabs, including the Saudis. There seems little prospect that Egypt and Israel can come to an agreement on a statement of principles for the autonomy regime in the West Bank in Gaza before the scheduled pullout from the Sinai. Mubarak will not be able to bring himself to sign a agreement of principles which does not allow for valid autonomy for the Palestinians. After the pullout takes place, there will be less inclination on the part of Mubarak to be

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accommodating with the Israelis on the Palestinian issue. It is possible that Mubarak may eventually associate himself with some form of the Fahd plan as he develops closer relations with the now estranged Arabs and possibly restores full diplomatic ties with the Soviets as well.

4. Israel is dominated by a governing group which is increasingly inclined to go it alone and which considers itself no longer able to fully trust the degree of commitment of the U.S. How far the Israeli leadership will pursue the theme of going it alone remains to be seen: if Israel carries out provocative actions to an extreme this could lead to a sharp reduction of U.S. military and economic support. The Israeli leadership at this point appears to feel that it has enough assets and goodwill in the U.S. so that any halt in assistance would not be effective or long-lived. The Israelis are known to feel that the balance of power in Lebanon has shifted since the ceasefire of last July away from their allies the Phalange and in favor of the Palestinians and the Lebanese left. The Israelis may seek to redress this balance by a massive strike into southern and central Lebanon, in an attempt to deal a blow against Syrian forces in Lebanon and smash PLO elements in southern Lebanon. Defense Minister Sharon appears to be the leading proponent of such an action, and his views increasingly cannot be ignored, as he is the leading candidate to succeed Prime Minister Begin. Sharon is more unpredictable and even more inclined to challenge the U.S. than is Begin.

5. If, as is expected, there is no effective agreement in principle for the West Bank-Gaza autonomy regime before the final Sinai withdrawal, it is possible that the Israelis may hold up the withdrawal or, having gone through with it, then move to establish stronger control legally and politically over the West Bank.

6. Arab Position. In the face of these Israeli challenges, the Arabs will be helpless to intervene, though drastic Israeli action such as annexation of the West Bank will further polarize Arab, third world and Western opinion against Israel. The likelihood of a Soviet intervention in support of Syria should the Israelis strike at Syrian forces in Lebanon is slim, but as time goes by the Syrians will continue to strengthen their military and political ties with the USSR. As Arab opinion continues to polarize in the face

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of Israeli aggressive actions, Jordan, and particularly King Husayn, will be in an increasingly difficult position, feeling the pressure to adopt the political stances of the radical Arab countries. The same is true for Saudi Arabia, whose oil resources remain vulnerable to terrorist attacks by Palestinian and other extremist elements in the Peninsula. Saudi Arabia's eastern region, and the Arab principalities along the Persian Gulf, face potential subversion and unrest face potential subversion and unrest by virtue of the fact of their large Shia populations which can be manipulated by an increasingly strident Tehran regime.

7. Iran. Over the past months the Islamic Republican Party (IRP) has gained the ascendancy over its opponents, the mujahidin and their allies. Iran is gradually gaining the upper hand in the war with Iraq, and the Tehran regime continues unremittingly hostile to the U.S. Iran is taking on the trappings of a radical third-world state, consolidating its relations with such powers as Syria and Libya. Though some in the IRP leadership, such as President Khamenei, apparently believe that a closer relationship with the USSR will serve as protection against the U.S., we have no confirmation of widespread rumors of a Soviet advisory presence in the security services and the government bureaucracy. The long term prospects for stability in Iran are dubious, as the contest for power following the death of Khomeini could reduce the country to virtual civil war.

8. Morocco. King Hassan's domestic fortunes have been inextricably linked to the Sahara question since the early 1970's, with emphasis on regaining the former Spanish colony. Morocco gained the battlefield initiative in mid 1980, and the subsequent successful construction of the defense perimeter in the territory's northwest frustrated the guerrilla's ability to stage hit-and-run attacks. In mid October 1981 the Polisario forces inflicted heavy casualties on the Moroccan garrison at Guelta Zemmour in the Sahara, with the enhanced capability of the newly introduced SA-6 missile. Although the level Polisario forces will probably be unable to sustain this high of activity or regain the initiative, over the short term this demonstrated a significant Polisario capability to inflict ser damage on the Moroccans.

9. Hassan's endorsement last June of the OAU plan for a referendum on the territory's future has reduced Moroccan isolation somewhat and opened an avenue for legitimizing

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Moroccan control. The King nevertheless faces domestic pressures, and severe economic and financial problems. Also, political leaders privately question the King's strategy to bring peace to the Sahara and fear that Morocco will be unable to ensure a favorable outcome if the referendum occurs.

10. Much still depends on Algiers' willingness to cooperate and Hassan's ability to minimize OAU and UN involvement in a way that ensures the referendum results will be palatable at home. This is by no means assured.

11. As you know, a special relationship has long existed between Morocco and the U.S. because of Rabat's generally pro-Western stance and moderation on Middle East issues. King Hassan believes a different climate now prevails in the U.S. and during his next visit to Washington in the spring he will promote bilateral ties. The King is sure to raise Morocco's economic plight during his visit and will probably request concessionary economic and military help for the war in the Sahara.

12. North Yemen. In North Yemen the authority of the regime of Ali Abdallah Salih is gradually eroding as the National Democratic Front continues its gradual subversion of the southern part of the YAR, while at the same time making insistent demands that it be included in the government in Sana. The Tripartite Pact of August 1981 between South Yemen, Ethiopia, and Libya has strengthened the threat potential of South Yemen against both North Yemen and Saudi Arabia. The alliance in turn has strengthened the other two parties as well. A commitment has been made by Qadhafi to provide financial assistance to Ethiopia, and Libya has lessened its own isolation by establishing links with Addis Ababa and Aden.

13. Libya. Libya remains a serious subversive and terrorist threat despite its pullout from Chad in late 1981. Qadhafi is actively working on operations to assassinate Sudan's President Nimeiri and bring about the fall of his government. Qadhafi continues to aid Palestinian extremist elements in Lebanon with occasional deliveries of arms by sea. Moreover, he has given substantial military and financial help to the Polisario in the past, although he has claimed to the Moroccans he has provided the Polisario nothing since the Moroccan-Libyan rapprochement at the Nairobi Summit in 1980.

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